

**Secret**

DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

**Secret**

50

12 February 1970

STATE review(s) completed.

25X1

Approved For Release 2003/05/29 : CIA-RDP79T00975A015500130001-5

Approved For Release 2003/05/29 : CIA-RDP79T00975A015500130001-5

SECRET

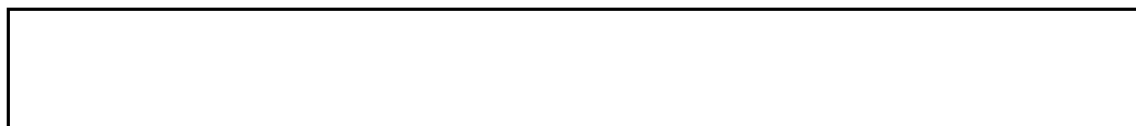
No. 0037/70  
12 February 1970

# *Central Intelligence Bulletin*

## CONTENTS

Thailand: The government is moving toward new restrictions on US business interests. (Page 1)

Laos: Communist forces near the Plaine continue to try to secure their supply routes. (Page 3)



25X6

India: Mrs. Gandhi has suffered political reverses. (Page 6)

North Vietnam: Paris delegation (Page 8)

USSR-Fedayeen: Arafat visit (Page 8)

USSR-Jordan: Civil air (Page 9)

Turkey: Budget rejection (Page 9)

Central America: Common Market (Page 9)

SECRET

Thailand: The government is moving toward new restrictions on US business interests in an attempt to reinforce Thai demands for new commercial and administrative agreements.

Bangkok has already imposed visa requirements on US citizens, the first such regulations in 45 years. The government has also announced its intention to restrict the services of US airlines, an obvious effort to gain additional air rights to the US. In addition, government leaders are talking about revising Thai investment and foreign employment laws, actions that would have considerable impact on the sizable US business community.

US Embassy officials believe some of these measures are tactics designed for current negotiations with the US on commercial matters and dealings with the US military in Thailand. Some US business leaders have reacted with alarm, however, believing that such "harassments" may signal a substantial tightening of Thailand's hitherto liberal policies toward US commercial interests.

There is little doubt that these initiatives represent an effort by Bangkok to review aspects of its economic relations with the US. The Thai have long chafed under what they have viewed as commercial inequities, particularly alleged US interference in Thai rice sales. They have heretofore subordinated their disgruntlement to the exigencies of the Vietnam war and to more immediate economic rewards. Faced with increased domestic concern for Thai interests and more competitive US commercial activity, the Thai leaders now appear intent on driving a harder bargain in current negotiations.

Although the Thai are not likely to jeopardize the substantial benefits accruing from the US economic presence, their new-found interest in economic nationalism is the latest sign that they see some aspects of their close relationship with the US as overdue for modification.

25X1

12 Feb 70

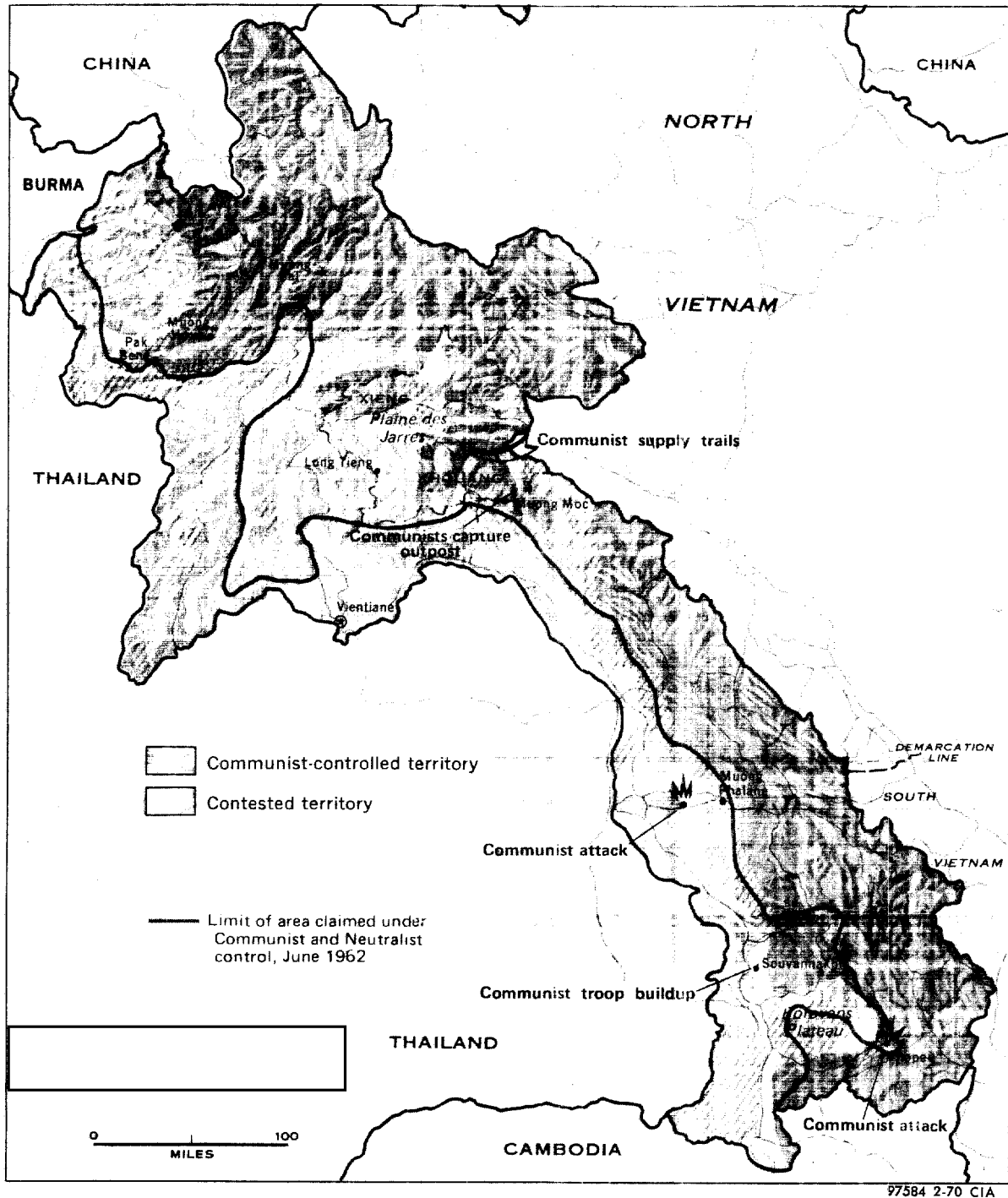
*Central Intelligence Bulletin*

1

SECRET

SECRET

## LAOS: Current Situation



SECRET

~~SECRET~~

Laos: Communist forces near the Plaine des Jarres continue to focus their attention on securing their supply routes.

On 10 February the Communists captured the lightly defended government outpost at Muong Moc, the government's main support base for guerrillas operating against Communist supply trails in eastern Xieng Khouang Province. Its loss undermines the government's ability to challenge Communist control in this rear area.

It seems clear that the Communists are not thinking of launching a major ground operation against the Plaine until they are confident that their rear areas have been cleared of government guerrillas. The deliberate pace with which the Communists are laying the groundwork is a mark of the cautious and thorough nature of North Vietnamese military planning in Laos.

In the south, Communist forces have launched small attacks against government positions in the central panhandle and near the provincial capital of Attapeu. In addition, [REDACTED]

[REDACTED] an enemy buildup off the western edge of the Bolovens Plateau poses a threat to the Mekong village of Souvannakhili. These moves fit the Communists' strategy of tying down government troops and do not appear to forecast larger attacks.

[REDACTED]

12 Feb 70

Central Intelligence Bulletin

3

SECRET

Next 1 Page(s) In Document Exempt

~~SECRET~~

India: Prime Minister Gandhi has suffered political reverses just prior to the opening of an important session of parliament.

Mrs. Gandhi lost a much-publicized test of strength in Uttar Pradesh when she was outmaneuvered during a bid to oust the rival Organization Congress Party from the state government. Uttar Pradesh is Mrs. Gandhi's home state and the most populous in India. The setback there, shortly before the crucial budget session of parliament, will make it difficult for her to attract new supporters from among the uncommitted and to retain those opportunistic politicians who have only loose ties with her. Moreover, the complex maneuvering for control in the state resulted in the formation, for the first time, of an alliance between the Organization Congress and other national opposition parties. Both developments could raise serious problems for her minority government in the next session of parliament.

In another development, the Supreme Court has declared last year's nationalization of major Indian commercial banks unconstitutional. The ruling on the nationalization measure, which left minor Indian and foreign-owned banks in private hands, was based on grounds of discrimination and inadequate compensation. The nationalization of the banks enjoyed political support throughout the country, and Mrs. Gandhi is personally committed to it. If she faces a choice between abandoning nationalization or including the foreign-owned banks, she will probably choose the latter. Among the 13 foreign-owned banks that would be affected are three US banks with deposits equivalent to about \$140 million.

The Supreme Court's decision may also apply to the nationalization of general insurance. Foreign-owned insurance firms may therefore also be taken over. The seven US insurance companies operating

~~SECRET~~



SECRET

in India write only nine percent of all foreign business and remit only \$300,000-400,000 a year, thus having little effect on the US balance of payments. Nationalization of both foreign banks and insurance firms, however, would reduce India's already slim chances of obtaining much new investment from the US or elsewhere.

25X1

12 Feb 70

*Central Intelligence Bulletin*

7

SECRET

~~SECRET~~NOTES

North Vietnam: Ha Van Lau, Hanoi's second-ranking delegate to the Paris talks, apparently is returning home. Unlike Xuan Thuy, the delegation's head, and Le Duc Tho, its top-level "adviser," Lau has been in Paris since the talks began in May 1968. He has been a key figure inside and outside the conference room and has filled in at the weekly plenary sessions since Thuy began boycotting them after Ambassador Lodge's departure. Lau probably is returning for home leave and to carry the delegation's views to the leadership. Both Tho and Thuy are still in Paris, but Hanoi's team at today's meeting is to be led by a relatively junior member of the delegation.

25X1

\* \* \* \*

USSR-Fedayeen: Arab guerrilla leader Yasir Arafat arrived in Moscow on 9 February at the head of a delegation seeking greater Soviet support for the fedayeen. The Soviet reaction to the visit has underlined the cautious nature of Moscow's policy toward the guerrillas, that is, giving indirect material support but without publicity. The host for the visit is a non-official organization, the Afro-Asian Solidarity Committee, but it seems certain there will be unpublicized meetings between Arafat and Soviet officials. The Soviets, however, are unlikely to increase substantially their financial or military assistance. In contrast to the chary treatment accorded the visitors on an official level, the Soviet press during the past few days has praised fedayeen activities in the Middle East, although coverage of the delegation itself has been scanty.

25X1

(continued)

12 Feb 70

Central Intelligence Bulletin

8

SECRET

USSR-Jordan: A civil air agreement signed on 9 February permits Aeroflot, the Soviet airline, to initiate weekly service to Amman. Amman probably will be included on the Moscow-Beirut run and service is expected to begin soon after 1 April. The Jordanian airline was granted reciprocal rights, but is not expected to fly to Moscow at this time. Saudi Arabia now is the only Arab country not being served by a Communist airline. [REDACTED]

25X1

\* \* \* \*

Turkey: The National Assembly's rejection of the budget by a vote of 223 to 214 does not constitute a government crisis. It does indicate, however, that Prime Minister Demirel faces increasing problems with factionalism within his own party. Justice Party dissidents voted with the opposition in a demonstration directed primarily against his leadership. The budget had not been made a confidence issue by the government, however. Demirel, who represents the liberals within the party, must now try to reach an accommodation with the conservative faction, which he read out of the government following the national elections last October. [REDACTED]

25X1

25X1

\* \* \* \*

Central America: Efforts to revive the Central American Common Market and to settle some of the outstanding problems between El Salvador and Honduras are lagging. The economics ministers of the five member countries were to have met today to work out a modus operandi that would allow the market's executive organs to resume formal operation, but the meeting has now been postponed until 20 February. The Hondurans, citing the recent border incidents, the lame-duck economics minister in Costa Rica, and the upcoming Guatemalan elections on 1 March, would like a further postponement. The Salvadorans, for their part, now want to change the date of the next session of the bilateral talks with Honduras from 23 February until after the congressional elections on 8 March. [REDACTED]

25X1

12 Feb 70

Central Intelligence Bulletin

9

SECRET

**Secret**